

Decision No. 18115**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 COACHELLA VALLEY HOME TELEPHONE)
 & TELEGRAPH CO.,)
 a corporation, for an order author-)
 izing the issuance of a note and)
 mortgage.)

Application No. 13574.

Ernest Irwin, for applicant.

BY THE COMMISSION:

O P I N I O N

In this application the Coachella Valley Home Telephone & Telegraph Co. asks permission to issue a \$10,000.00 note payable on or before three years after date with interest at the rate of eight percent per annum payable quarterly and to secure the payment of such note by the execution of a mortgage covering applicant's real property in the Town of Thermal and its entire telephone plant and equipment.

Applicant owns and operates a telephone system serving the entire Coachella Valley including the Towns of Thermal, Coachella and Indio. It serves this territory from a single central office switchboard located in the Town of Thermal. Within the last two years applicant's business at Indio has increased to such an extent that it has become desirable to open another central office exchange in the Town of Indio. It estimates the

cost of such exchange at approximately \$10,000.00. It is of record that applicant has purchased a switchboard, a lot where the exchange building will be located and has constructed a building thereon. It is believed that the new central office exchange will be completed on or before May 1st, 1927. Upon the completion of such exchange applicant will be in a position to give better service to residents in Indio than it is able to give with its present facilities.

As of December 31, 1926, Coachella Valley Home Telephone & Telegraph Co. reports assets and liabilities as follows:-

ASSETS:

Plant and Equipment	\$30,348.89	
Other Property.	190.71	
Cash	1,304.03	
Notes Receivable	66.97	
Due from Subscribers & Agents	1,597.09	
Material and Supplies	<u>488.60</u>	
Total Assets		<u>\$33,996.29</u>

LIABILITIES:

Capital Stock	\$13,685.00	
Donations in aid of construction	110.37	
Accounts Payable.	1,145.73	
Accrued liabilities not due	2,392.00	
Depreciation Reserve.	9,385.60	
Other credit accounts	26.00	
Surplus	<u>7,251.59</u>	
Total Liabilities		<u>\$33,996.29</u>

For the year ending December 31, 1926, the company reports telephone operating revenues of \$11,422.67, telephone operating expenses of \$7,050.27 and net telephone operating revenue of \$4,372.40.

After deducting taxes from the net telephone operating revenue and other fixed charges, applicant had remaining a surplus of \$3,365.65.

Testimony shows that it is not possible at this time for applicant to furnish the Commission with a statement showing what increase in operating revenues it will realize from the construction of the central office exchange at Indio. It will be noted, however, that applicant's surplus earnings for 1926 were more than sufficient to pay the interest on the note which it asks permission to issue.

A copy of the note and mortgage has been filed in this proceeding and we find the same to be in satisfactory form.

ORDER

Coachella Valley Home Telephone & Telegraph Co. having asked permission to issue a \$10,000.00 note and execute a mortgage, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income, and that this application should be granted as herein provided,

IT IS HEREBY ORDERED that Coachella Valley Home Telephone & Telegraph Co. be, and it is hereby, authorized to issue and sell at not less than par its promissory note in the sum of \$10,000.00 payable on or before three years after date with interest at the rate of eight percent per annum, payable quarterly, and to execute a mortgage substantially in the same form as the mortgage filed in this proceeding for the purpose of securing the payment of such note provided that the authority herein granted to execute such mortgage is for the purpose of this proceeding only.

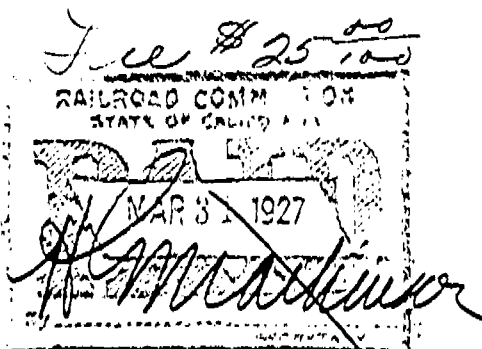
and is granted insofar as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of such mortgage as to such other legal requirements to which said mortgage may be subject.

IT IS HEREBY FURTHER ORDERED that Coachella Valley Home Telephone & Telegraph Co. shall use the proceeds obtained from the sale of the note, the issue of which is herein authorized, to pay the cost of acquiring and constructing the central office exchange at the Town of Indio referred to in this application.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective when applicant has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is Twenty-five (\$25.00) Dollars.

IT IS HEREBY FURTHER ORDERED that Coachella Valley Home Telephone & Telegraph Co. shall keep such record of the issue, sale and delivery of the note herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 28th day of March, 1927.



Emmerts
H. B. Rindige
Cheney
Leon White
Thos. L. Rouse

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Commissioners.

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